

HEALTH INSURANCE STUDIES: CONTRACT RESEARCH SERIES

Report No. 1

INTEGRATION OF INFORMATION FOR HOSPITAL RATE SETTING

VOLUME 4: LIVING WITH CIVIL SERVICE: THE
MASSACHUSETTS EXPERIENCE

U.S. Department of Health, Education, and Welfare
Social Security Administration
Office of Research and Statistics
HEW Publication No. (SSA) 77-11722

REPORTS

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INTEGRATION OF INFORMATION FOR HOSPITAL RATE SETTING

VOLUME 4: LIVING WITH CIVIL SERVICE: THE MASSACHUSETTS
EXPERIENCE

by

Randall F. Smith

This report was prepared under a contract between the Social Security Administration, HEW and the Harvard University Center for Community Health and Medical Care. The views and opinions expressed in the report are the contractor's and no endorsement by the Social Security Administration or HEW is intended or should be inferred. The project officer for this contract was William L. Damrosch, a staff member within the Division of Health Insurance Statistics, Office of Research and Statistics.

Under the HEW reorganization announced March 8, 1977 the Division of Health Insurance Studies has been transferred to the Health Care Financing Administration.

Contract Number 600-75-0142

PREFACE

In attempts to control rapidly rising costs of hospital care, between 1968 and 1975 the legislatures of nine states enacted some form of hospital rate setting law. They vested authority either in some freshly created independent commission or in some on-going department of state government. In either case, the state became responsible for assembling, verifying and analyzing the large amounts of detailed data required for rate decision making. As other papers in this series illustrate, this is a highly demanding task. If not executed with skill and sensitivity hospitals are apt to be either overpaid or underpaid. Because serious social and economic consequences are likely to devolve from either course, it becomes important to know whether state government can attract the kinds of staff necessary for carrying out this new type of regulatory responsibility.

By examining the experience of one state, Massachusetts, this paper reviews some of the major types of constraints that can be imposed on state agencies by their personnel systems. It also notes some ways in which these constraints can be mitigated by resourceful leadership. Although in some respects the personnel system of every state is unique, the Massachusetts case illustrates important characteristics common to all.

The author, a graduate student at the John F. Kennedy School of Government at Harvard, based his study on interviews with fifteen present and former employees of the Commonwealth of Massachusetts. Managers in operating agencies described their experiences with the personnel system, and officials of the personnel system described how it operated. Several of the interviewees were assured of confidentiality, so none are identified.

Other information sources are cited in the text and appendix. They include various sections of the General Laws of the Commonwealth, and newspaper and magazine articles on Civil Service. A 1961 study by

the League of Women Voters, The Merit System in Massachusetts, was helpful in establishing the framework for this study, but much of its technical detail is no longer accurate.

In order to present the case it was important to understand the workings of the Massachusetts personnel system in considerable depth. However, in the belief that a full description of this system may not be of interest to the general reader it is presented as an appendix rather than in the main body of the paper.

Katharine G. Bauer

March, 1976

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AN OVERVIEW OF CIVIL SERVICE

"Civil Service" is virtually an epithet for many people in and around Massachusetts state government. It connotes red-tape, inefficiency, delay, and even corruption. Some observers are so pessimistic that they believe the state personnel system almost guarantees the frustration of any constructive action by state government. Their pessimism is shared by observers of other state and local governments, who are part of a growing consensus that the once lauded civil service systems now stand in the way of effective action on the increasingly difficult tasks facing state and local governments. A few examples follow.

On New York City in 1975:

The escalating costs of city services 'and their generally poor quality' were attributed by the State Charter Revision Commission yesterday largely to what it termed 'a sluggish over-centralized personnel system'.¹

An earlier report on New York City, from 1973:

In summary, the Civil Service system prohibits good management, frustrates able employees, inhibits productivity, lacks the confidence of the city's taxpayers, and fails to respond to the needs of the citizens.²

In the state of Washington, "managers identified personnel systems as the major inhibitor to productivity in their agencies."³

And back to Massachusetts, State Representative Barney Frank:

The system is full of excuses for everybody not to do anything. The manager can say 'Why should I try to manage? I have civil service--if I tried to disappoint them, I couldn't.' And the employee says, 'How the hell can I function when this guy isn't even trying to manage?' And they're right. There are so many points where the system can bog down that it's impossible to fix responsibility.⁴

Most state and local civil service systems are designed and operated in similar ways. In fact, in some important ways, the civil service systems are like other control systems in governments, such as the process

of controlling spending. In all these control systems, there is an emphasis on the stewardship of public funds. The systems are designed to prevent fraud and corruption. There are few or no controls that emphasize performance or productivity.

The usual way to prevent fraud or misuse of government funds is to require that any action (a personnel action under the civil service system, or a budgetary action under the financial control system) have the approval of several different people before it can be initiated. From the point of view of a manager in an operating agency, these approvals become hurdles which s/he must clear every time s/he wants to accomplish anything.

But people who staff these hurdles are ordinarily disposed towards denying requests for action. The New York Times (February 7, 1974) referred to "the philosophy that is credo in the world of Civil Service's middle management... 'You start by saying no to requests.'" That attitude has two sources.

First, there is a common belief that the operating agencies are bent on abuse, and it is the job of the control agencies to stop them. There is a presumption that requests for hiring, changes in job titles, or more funds are unjustified. A second reason that denials prevail is that the people in the control agencies gain their personal power by denying the requests which come to them. While not all people fall prey to this form of ego boosting, it is common to encounter people who build a great deal of personal power by selectively processing the requests which come to them. The result of these tendencies is a rough relationship: the more hurdles that actions must clear, the less productive and efficient will be the government.

HOW THE MASSACHUSETTS PERSONNEL SYSTEM WORKS - A SUMMARY

The Massachusetts personnel system is an extreme example of the kind of system just described. It is organized for control rather than for performance. No action can be taken without the approval of a substantial number of officials. Massachusetts may be unique in the degree of legislative involvement in the approval process for routine administrative actions. But the overall result in Massachusetts is the same as elsewhere: red tape, delay, rigidity and frustration. In interviews, managers of several operating agencies discussed the problems they encountered and the solutions they found.

The Most Common Complaints

Poor Recruiting. Recruiting in Massachusetts state government appears haphazard, inefficient, and even perverse, as suggested by a state employee's account of her hiring experience:

I was working for the health department in Kansas, and planned to move to Boston. I wrote the personnel director of the Massachusetts Department of Public Health, inquiring about available jobs. I got a letter back saying that my salary demands were too high, and that there were no openings anywhere in the department anyhow.

When I got to Massachusetts, I talked to a professor I knew, who sent me to a friend in one of the operating sections of the Department of Public Health. When that person saw my resume, I was hired on the spot.

The performance of the personnel division in this example seems to be typical; the division frequently succeeds (as it did not in this example) in discouraging even those with outstanding qualifications from seeking state employment.

Some recruiting, however, is done outside the personnel system, by individual organizational units. Although the quality of this recruiting will vary depending on the availability of time and resources within the departments, the scope of the recruiting is almost uniformly restricted:

few departments are able to reach any sort of wide audience. No one in state government has the responsibility to reach potential employees at the high schools, colleges and universities in the area. In consequence, the pool of potential state employees is much smaller than it need be, and the quality of those hired is not as good, on the average, as it could be. For some jobs, however, veterans dominate the job pool. The preference they have on Civil Service registers insures that recruiting to enlarge the job pool will not change who gets hired.

Low Pay for Clerical Workers. Although the state pay scale in general seems to be competitive, the low end of the scale is not. A good secretary can earn \$25 per week more working for businesses in Boston than working for the state. Thus, the state has gained the reputation of employing largely mediocre clerical workers.

Delay. Although some reforms in recent years have streamlined the Massachusetts personnel system, it is still noteworthy for unreasonable delays. The process of establishing a job and hiring a permanent employee for it may easily take more than a year, and even temporary employees require several months of paper processing. These pervasive delays rob managers of valuable flexibility in meeting their responsibilities.

Erratic Examination Results. As viewed by many state officials, the examinations administered by the Civil Service are simply not sensitive to the qualities most important to successful job performance in complex, managerial positions. Good managers may fail a test, while poor ones may pass. Dissatisfaction with the results of examinations leads many supervisors to evade the law in order to retain people of demonstrated competence.

Poor Job Classification. The inadequacies of existing job classification have been attributed to a variety of causes. Sometimes the

provisional incumbent of a position may have his job description rewritten in advance of an examination to insure that the examination will be tailored to his own particular qualifications. Sometimes the duties of a job change and the job description is not rewritten to reflect the actual duties, or new jobs may be fit into existing—but inappropriate—job titles.

As a result of poor job classification, examinations for Civil Service appointments seem to produce consistently poor fields of job candidates. Even if the examinations happen to be well written, the top scorers on the examinations will only be qualified for the job as it is described, but not necessarily as it exists.

Poor job classification may also prevent the development of a clear career track, thus further limiting the pool of competent candidates and also stifling employee motivation. This lack of clearly defined career tracks is particularly troublesome on the managerial levels, where skills are difficult to quantify. Many jobs in state agencies that are primarily administrative or managerial are classified according to technical—not managerial—criteria. The administrator of the Office of Health Planning and Statistics, for example, spends most of his time on managerial tasks not specifically related to the field of public health; yet his position is classified as a Program Specialist in Medical Care, and the requirements for the position emphasize technical knowledge of medical programs. Consequently, a skilled manager would be unlikely to qualify for this position. Since this situation is repeated over and over in state government, there exists no pattern of jobs which could make up a career track for state government managers.

Lack of Incentives. A supervisor has no formal ways of motivating his or her employees. Effective personal leadership may overcome some of the problems, but such leadership demands require an unusually good supervisor and will not, in any case, extend to very many employees.

The lack of monetary incentives to reward good work and penalize bad appears generally to impede performance in the average agency.

Complexity. Nearly every part of the personnel system is marked by complexity, with laws and regulations that are difficult to understand, and require frequent cross-referencing. As a result, an agency manager finds it very difficult to learn how to accomplish any personnel action. The only people with real knowledge about the system are the longtime Civil Service employees; if they agree with a manager's decisions, they will find a way to implement them, but if they disagree, those decisions become blocked by technicalities of the laws and rules. The managers complain that it seems impossible to know enough about the system to get around the roadblocks set in their way.

Even if a manager learns what the laws, rules, and regulations require, he may still be unable to accomplish his desired personnel actions, since the system is so specific that almost any action requires complicated, time-consuming paperwork. Thus, even though a manager may feel that a job should be reclassified or a particular employee fired, he may lack the time to follow through on the action.

The Most Common Loopholes

Consultant Contracts. In the past, agencies could use money appropriated under the 03 account to hire individuals--technically, consultants--under personal services contracts. Recently the Secretary for Administration and Finance has tended to withhold approval of such contracts and has thus curtailed their use.

Provisional Appointments. An agency's primary source of personal flexibility lies in its ability to hire provisional employees without respect to examination. An agency can ordinarily hire whomever it pleases for a provisional appointment. However, the provisional appointment can

last only until the agency receives names certified from the Division of Personnel Administration from an eligible list established for that position. In the ordinary course of events, an agency might expect to be able to retain a provisional appointee for as much as a year. If the agency can delay the examination process (by reclassifying the job, for example), this period may be stretched to two years or longer. Thus, while provisional appointees can staff projects with short life spans, they do not solve the problem of effective permanent staffing for a continuing agency.

Fiscal Drops. The state personnel system can be circumvented completely for certain projects funded by federal grants. For example, one vehicle for avoiding the state system is called the Massachusetts Health Research Institute (MHRI). Federal grant contracts awarded to the Department of Public Health specify that program responsibility belongs to the Department, while fiscal responsibility belongs to MHRI. Since no state money is involved, state personnel and state fiscal procedures can be avoided. The project managers can begin to hire their employees almost immediately, complying only with the relatively simple procedures of MHRI.

Note that this technique is only possible if no state money is involved. It is not relevant to the problems of a continuing state agency.

Temporary (02) Positions. Although temporary positions are subject to the full Civil Service selection procedures (with its concomitant delays and rigidities), these positions are not subject to line by line control by the Legislature. A manager, therefore, has more freedom with temporary positions to specify duties, control approximate pay grade, and fire individuals (by abolishing their positions).

Withdrawing Positions. An appointing authority can refuse to accept the three candidates certified to him or her by the Division of Personnel

Administration for a Civil Service position. If the combination of poor job description, poor examination results, or veterans' preference produced a group of unacceptable candidates at the top of the eligible list, then the appointing authority can refuse to offer a job to any of the certified applicants. However, he must then withdraw the position and fire any provisional employee in the slot. (In practice, these "displaced" provisional employees are usually transferred to other positions, rather than fired.)

Changes Which May Affect the Personnel System

A number of changes currently being implemented offer hope that the performance restrictions imposed by the personnel system will be modified or abolished. The most important of these changes is the consolidation of the Personnel Bureau and the Division of Civil Service into a single agency, which should reduce or eliminate the delay associated with duplicate paperwork.

The potential for other improvements depends on the attitudes and performance of the people who staff and manage the new Division. The quality of the staff of the Examination Bureau appears to have improved in recent years, resulting in some trends toward evaluating the effectiveness of tests and toward using a wider variety of tests for different kinds of jobs. Also, the attitude of the Civil Service Commission has changed from one of restricting the freedom of operating agencies (theoretically, to prevent abuse) to one of giving agency managers the responsibility and authority to make their own personnel decisions. This changed attitude has not yet filtered down to all the employees of the Division of Personnel Administration and has not yet shown up in all of the Division's regulations and procedures, but if the Personnel Administrator supports this more flexible approach, then eventually the entire system may begin to loosen up.

However, any loosening up of the system will no doubt be impeded by habits ingrained in many of the employees who make up the Division of Personnel Administration. These habits are likely to persist for years, despite the efforts of top administrators to reverse them. Furthermore, many of the performance-inhibiting features of the personnel system are the result of legislative action. Although legislative reform is not improbable (the reforms and reorganizations of the last fifteen years have been the result of legislative action), neither does it appear imminent; previous reforms took many years to pass the legislature, and thus, no rapid change should be expected in the provisions of the personnel law.

The Overall Impact on the State Service

In the short run, it is important to realize that the state personnel system does not appear as restrictive as is commonly believed (the common belief being that the system is nearly hopeless). Good managers can get things done by:

- learning the details of the personnel laws and regulations, so they know what is and is not permissible, rather than relying on the judgement of their staff.
- using personal leadership to motivate employees to perform, rather than bemoaning their lack of formal incentives.
- learning how to use all the flexibility they have, in order to tailor their operations to their immediate needs.
- being willing to institute actions which take time to accomplish, but which have important long range consequences, such as building records against poor employees that will eventually allow them to be fired and implementing job reclassification plans.

Managers who do these tasks will have better agencies than they would have otherwise. However, these tasks are complex, demanding and occasionally painful. Expectations about the future have to be based on average performance, which in Massachusetts agencies is discouraging.

An average manager will:

- find it difficult to learn the details of the personnel system in sufficient detail to contradict the opinions of subordinates who have many years of experience in dealing with the system. The average manager will know less than his subordinates, and will therefore be at a disadvantage in dealing with them.
- find that he has a certain number of recalcitrant employees who refuse to respond to his attempts to inspire them to do better work. The manager may eventually become discouraged over the unfairness of a system which does not permit him to reward and punish people who do and do not meet his performance standards. The more discouraged he becomes, the more likely he is to abandon his attempts to inspire better work.
- respond to the problems facing him in order of their short term consequences. As a result, he will continually put off action on long term problems, and will seldom accomplish actions which require long-term investments of his time.

THE IMPACT OF THE PERSONNEL SYSTEM ON THE RATE SETTING COMMISSION

The Massachusetts Rate Setting Commission (RSC) seems less restricted by the personnel system than are many state agencies. But it is important to note that this view of the RSC is based on its situation in July 1975. At that point, it was led by a set of activist commissioners, and had recently undergone a reorganization. These factors may have had more impact on the success of the RSC than did the personnel system. At some point in the future when there is less public and political attention focused on the RSC and when it is led by different individuals, one might make quite a different assessment.

One important reason for the relatively small impact of the state personnel system on the RSC is that about half the RSC staff are not state employees but rather are employees of Blue Cross. In practice, these employees are a regular part of the RSC, but since their salaries are paid by an outside source, they are not subject to Civil Service, state hiring procedures, or state job classification and pay schedule restrictions.

They are hired directly by the Rate Setting Commissioners, who thus have a measure of freedom in hiring not found in other state agencies.*

The Blue Cross employees are scattered throughout the Rate Setting Commission structure, except that there are no such employees higher than the position of Chief Supervising Accountant. It is felt that internal personnel problems might result if major managerial roles (such as Bureau Director) were filled by someone not a state employee. These employees have been a part of the Rate Setting Commission since it was established in 1968. They were added to the RSC staff by an agreement between Blue Cross and the state government, specifically authorized by the Legislature in Chapter 176A, para 8, section 5, of the General Laws. Blue Cross appears to have wanted such an arrangement in order to insure that the crucial tasks of auditing and analyzing hospital financial records be done properly.

Any situation which requires employees of two different organizations to work side by side will inevitably generate some disagreements between the two groups. The RSC appears to have had instances of mild disagreement and resentment between the two groups, with the Blue Cross employees feeling that they were better at their job than their Civil Service counterparts, while the latter resented the fact that the Blue Cross employees had bypassed the employment procedures ordinarily necessary to obtaining a state job. The Civil Service employees have another cause for resentment in that the Blue Cross employees receive more generous fringe benefits (including health insurance, mileage reimbursements, and travel allowances). Salary levels for the two groups are about the same for equivalent work. These resentments do not seem to have interfered seriously with the work of the Rate Setting Commission, and appear to have diminished over time. The arrangement is now a stable feature of the way the RSC operates,

* On September 10, 1975, the RSC was authorized 73 state employees and 55 Blue Cross employees. Actual employees were 50 state and 54 Blue Cross (the state total was lower than authorized due to budget constraints).

sanctioned by law, formalized by a written agreement, and tested by several years of experience.

A second reason for the Rate Setting Commission's success in overcoming some of the obstacles of the state personnel system is that the Commissioners have refused to let the obstacles become permanent barriers to their success. They appear to have been quite successful in getting their employees working well, despite their lack of any formal evaluation or incentive system. When the RSC was reorganized in 1974, they fought for the personnel spaces and grade authorizations which seemed necessary for them to do their job. Partly because their agency was undergoing a reorganization, they were able to get most of what they wanted from the Executive Office for Administration and Finance.

The Commissioners have also had success in improving the morale of the RSC staff, and as a result have reduced or eliminated some prior problems. For example, there used to be substantial turnover on the RSC staff, with staff frequently leaving to join hospital financial staffs. In the last 18 months that turnover has been reduced. Hospitals have recently made some offers to RSC personnel, but those have not been accepted. Apparently the public-private pay discrepancies are not large enough at this point to overcome the advantages of the current environment at the RSC.

LESSONS FOR OTHER STATE RATE SETTING ORGANIZATIONS

First it is important to base planning on average performance by organizations. The Massachusetts Rate Setting Commission has done a better than average job of coping with personnel system problems. But that statement would not have been true a few years ago, and may change in the future. That excellent managers can get good performance despite a poor personnel system is no cause for optimism about the long run level of performance, nor is it an excuse for the personnel system itself. The

pervasive criticism of personnel systems around the country should add strength to the warning posed by the experience of most Massachusetts agencies - that personnel systems can put sharp limits on the effectiveness of government agencies.

In order to do better than average, other rate setting organizations should explore the possibility of arrangements with Blue Cross. Any state should be able to justify such an arrangement, although the agreement would have to be properly presented in order to be politically acceptable. If a state RSC appeared to be in the business of regulating Blue Cross while using employees paid by Blue Cross, the harm to that RSC's credibility is obvious. If it is clear that the RSC is regulating the hospitals rather than third party payers, then partial sponsorship may not hurt the RSC at all.

Rate setting organizations should be aware that they need to maintain some rough salary comparability between their own accountants and auditors and their counterparts on hospital financial staffs. If there are substantial disparities, the rate setting accountants may move into the private sector, as was previously the case in Massachusetts. It will be difficult to eliminate such disparities, since the state salaries will be based on a general salary schedule and classification scheme which regulates accountants' salaries in all state agencies.

Finally, while it is not a good idea to make plans for a rate setting organization based on the expectation that its managers will be excellent, it is important to put a lot of effort into getting those managers. Officials responsible for rate setting can do little or nothing about the problems of the state personnel system. Their only recourse is to find people who will not let such problems defeat them.

FOOTNOTES

1. Glenn Fowler, "Personnel Policy of City Assailed," The New York Times, Sunday, March 23, 1975.
2. E.S. Savas and Sigmund G. Ginsburg, "The Civil Service: a Meritless System?" The Public Interest, Summer 1973, p. 72.
3. The Advisory Council on State Government Productivity for the State of Washington, quoted in Neal R. Pierce, "State-Local Report/Civil Service systems experience 'quiet revolution'", National Journal, November 29, 1975, p. 1644.
4. Quoted in Pierce, op. cit., p. 1646.

APPENDIX

The Massachusetts Personnel System

THE MASSACHUSETTS PERSONNEL SYSTEM*

Most state employees in Massachusetts belong to the personnel system administered by the Division of Personnel Administration (DPA). Covered employees include temporary employees, permanent employees, Civil Service appointees, and non-Civil Service appointees. Since State employees are usually identified as belonging to one of these component groups, the overall system has no widely used name. This appendix will use "State Service" to refer to all employees controlled by the Division of Personnel Administration, since that name is occasionally used in Division publications. Readers of this appendix should be aware, however, that the term is neither common nor precisely defined outside the context of this appendix.

Some organizations within state government have been allowed by statute to operate autonomous personnel systems, over which the Division of Personnel Administration has no control. Autonomous systems are operated by the following state organizations:

- University of Massachusetts. Professional and managerial employees of the University of Massachusetts are controlled by a separate personnel system administered by the University subject to the decisions of the Board of Trustees. Lower level employees (clerical, maintenance) at the University are within the State Service controlled by the Division of Personnel Administration.
- The General Court. Employees of the General Court (the Legislature) are completely controlled by the legislators. They are hired, paid, promoted, and fired without regard to Division of Personnel Administration rules.
- Judicial. Most employees of the state's judicial system are not part of Civil Service, nor are their position grades controlled by

* Material in this appendix describes the Massachusetts personnel system as it existed in July 1975. It has been updated in March 1976 to reflect the "Critical Needs" procedures (page 22), and the experimental Recruiting and Referral Office (page 19).

the Division of Personnel Administration. However, it would be a mistake to think that these judicial employees are part of a single autonomous "system." Rather, they are appointed in different ways by judges, sheriffs, and the Governor, among others. Position titles and pay grades are set by the Legislature, which exercises important informal influence over many appointments.

- Elected officials and their personal staffs. The salaries of elected officials are set by law, and the hiring and firing is done by the public. These officials have complete discretion with their personal staffs; they are free to hire anyone at any pay scale, subject only to their overall budgetary constraints.
- Authorities. Authorities (e.g. the Massachusetts Port Authority (Massport), the Massachusetts Bay Transportation Authority, and the Massachusetts Turnpike Authority) are political bodies completely separate from the governmental structure of the state. They have complete control over their own employees and operate similarly to private businesses.

With the foregoing exceptions, all employees of state government fall under the jurisdiction of the Division of Personnel Administration and may be considered to be included in the "State Service." This appendix describes the operations of that service, including its principal personnel categories, its administration, and its functions.

PERSONNEL CATEGORIES WITHIN THE STATE SERVICE

Employees within the state service may be described in two different ways - by the appropriations category to which their position belongs (permanent, temporary, or consultant), and by the section of the law governing their hiring and firing (either Civil Service or non Civil Service). Civil Service employees may be either temporary or permanent; non Civil Service employees may fall into any of the three appropriations categories.

The Legislature appropriates personnel funds for each agency under the three different appropriations categories, each of which has its own separate personnel procedures.

Permanent, or "01" positions. These positions are fixed by law.

Section 38 of Chapter 30 of the General Laws and Section 6 of Chapter 29, G.L. together require that the annual budget preparation include a position-by-position listing of permanent positions. The legislature thus has a veto over each job title and pay classification, and all reclassification decisions must be approved by the House and Senate Committees on Ways and Means. The practical result of this procedure is that it is nearly impossible to eliminate any permanent position. Such an elimination would require the consent of the two committees on Ways and Means, the budget director of the state, the personnel administrator, and the appointing authority for the position involved.

Temporary, or "02" positions. Temporary positions are established for tasks of fixed duration. Money for these positions appears in lump sum appropriations by the legislature ("state temporaries") or in grants from the federal government ("federal temporaries"). The method of hiring, firing, and job classification is the same for permanent and temporary positions, but is not under legislative control. The Governor is free to establish or eliminate these positions subject to a budget constraint.

In practice, the increased flexibility associated with temporary positions has led to the use of 02 money to fund positions which continue year after year and are in fact a part of the permanent functioning of state government.

Non-employee personal services, or "03" positions. Agencies can also hire people with money appropriated to them under the "03" account to pay for contracts with individuals. These individuals are not legally employees of the state, but in practice 03 contracts may range from genuine consultant contracts with professional consultants to personal-services contracts with individuals, who are employees in every normal sense of the word. The one important exception is that 03 employees get no benefits. These individual 03 employees may have space in the agency's offices,

may be within the chain of command in any office, may work by the state working schedule, and may be indistinguishable--except on their pay-checks--from regular employees.

The practice of using 03 funds to avoid the red tape involved in 01 and 02 positions is becoming less common. The Executive Office for Administration and Finance, which supervises both budgetary and personnel matters, has restricted the use of 03 funds. In many cases, it is now harder to get their approval for an 03 contract than it is to get approval to hire an 02 employee.

Two other problems lessen the attractiveness of 03 positions to agency managers. First, the contract approval process is so lengthy that the 03 employee often cannot be put on the payroll until as long as six months after the contract is submitted for approval. An employee often begins work before the contract is official, in anticipation that he will be paid for the work already performed. Some agency managers commented that this practice, being legally questionable, makes them quite nervous. This problem is compounded by the rules covering contract renewal, which dictate that the renewal process cannot begin until the old contract has expired. Thus any continuing 03 employee must face repeated periods of no pay, due to the delays involved in contract renewal.

Civil Service. About 60% of the employees of the Commonwealth--including both 01 and 02 employees--are selected by Civil Service examination procedures. These employees include most non-professional and most lower-level professional positions. There are two parts to the Civil Service--the official service and the labor service.

Non-Civil Service. A complete list of non-Civil Service positions would require extensive research, since the coverage or exclusion of positions from Civil Service has often been done by the Legislature on an ad hoc basis. The Civil Service Law (Chapter 31 of the General Laws) lists some exempt positions, and then includes "such others as are by law exempt from the operation of this chapter" (See Exhibit 1).

Excerpt from Chapter 31, General Laws of the Commonwealth of Massachusetts

SECTION 5. (1939, c. 238; 1941, c. 402; 1945, c. 355, 701; 1948, c. 387; 1950, c. 397; 1951, c. 26; 1954, c. 298; 1963, c. 162; 1964, c. 199, 526; 1965, c. 31, 365, 471; 1967, c. 60, 780; 1968, c. 461; 1970, c. 161, 165; 1971, c. 187, 294; 1972, c. 311.) No rule made by the commission shall apply to the selection or appointment of any of the following: —

Officers and legislators elected by popular vote and persons appointed to fill vacancies in elective positions;

Heads of departments, members of boards and commissions, chaplains employed as such, members of authorities and other officers appointed by the governor, or whose appointment is subject to approval by the governor, and heads of municipal departments, except those expressly made subject to this chapter by statute;

Qualified physicians, registered nurses, graduate nurses, licensed practical nurses and student nurses in institutions and hospitals unless federal standards for a merit system of personnel administration apply;

Superintendents and assistant superintendents of charitable institutions unless federal standards for a merit system of personnel administration apply;

Students who are employed part-time in a school department or educational institution which they are attending; and student interns assigned to any agency under an agreement authorized by law with an educational institution or foundation;

Officers and employees of the legislative branch;

Judges and officers and employees of the judicial branch;

Officers, noncommissioned officers and enlisted men in the military or naval services of the state;

Directors of divisions authorized by law in the departments of the commonwealth except those expressly made subject to this chapter by statute;

Officers, secretaries and employees of the office of the governor or of the executive council, the office of the lieutenant governor, employees of the state treasurer appointed under section five of chapter ten, and employees of the commissioner of banks, except those expressly made subject to this chapter by statute;

Director of health, welfare and retirement trust funds board;

Teachers in the state department of correction whose duties require the possession of a teacher's certificate¹;

Clerical employees in the registries of probate of all the counties;

City and town managers;

Assistant city or town managers, administrative assistants to city and town managers, secretaries, stenographers, clerks, telephone operators and messengers connected with the offices of city councils, mayors*, city managers, town managers and selectmen;

¹This exemption does not include instructors — see Section 4.

*See General Laws, Chapter 43, Section 25, on page 60.

Officers whose appointment or election is by a city council, or subject to its confirmation, except those expressly made subject to this chapter by statute;

City solicitors, assistant city solicitors, town counsels and assistant town counsels;

Legislative counsel in cities or towns;

Election officials, including registrars of voters;

Public school teachers and administrators whose duties require the possession of a teacher's certificate;

Employees of the treasurer and collector of taxes of any city or town;

Two employees of the city clerk of any city and two employees of the town clerk of any town;

Police and fire commissioners and chief marshals or chiefs of police and fire departments, except as provided in section forty-eight;

Male school traffic supervisors of male employees not members of the regular police force who are doing intermittent work protecting school children going to and from schools;

Parking meter supervisors, except as provided in section forty-eight B;

Professional librarians and subprofessional librarians whose duties require that they have certificates issued by the board of library commissioners and pages who are employed in libraries on a part-time or intermittent basis and are full time day high school students between the ages of fourteen and eighteen or full time day college students between the ages of seventeen and twenty-three;

Such others as are by law exempt from the operation of this chapter.

SECTION 5A. Each officer, board and commission appointed by the governor, with the advice and consent of the council, having supervision and control of an executive or administrative department, board or commission of a municipality, may appoint and remove a person to serve as his or its confidential secretary. Such employee shall receive such compensation as shall be fixed by said officer, board or commission, as the case may be, and shall be exempt from the provisions of this chapter.

The majority of exempt employees consist of professional employees at the various institutions--such as nurses and doctors in institutions and hospitals, teachers in correctional institutions, and professional librarians. Also exempt are employees in the upper tier of policy making and administration in the Executive Branch, including all cabinet secretaries and many of the administrators who report directly to them (such as insurance commissioner, banking commissioner, personnel administrator, department heads).

Employees not selected through Civil Service examinations are neither technically nor customarily considered as being in the Civil Service. However, many of them gain the protection of the tenure provisions of Civil Service after they have served a specified length of time (from six months to three years). For example, all teachers in state institutions gain tenure after three years. Also, the Legislature will frequently make a specific position subject to the tenure provisions in order to protect a particular incumbent. Finally, all veterans gain tenure after three years of service, regardless of the type of position they hold or the method by which they were appointed. As a result of these different ways of protecting employees, about three out of four non-Civil Service employees holding non-Civil Service positions actually are protected by the tenure and dismissal provisions of Chapter 31. Only about ten percent of state employees are therefore completely exempt from Civil Service regulations.

ADMINISTRATION OF THE PERSONNEL SYSTEM

The state personnel system is administered by a single agency, the Division of Personnel Administration, which has responsibility for the execution of all major personnel functions, with the exception of those functions exclusively in the province of the Civil Service Commission. Beginning its operations in July, 1975, the Division of Personnel Administration was created by Chapter 835 of the Laws of 1974, and combined

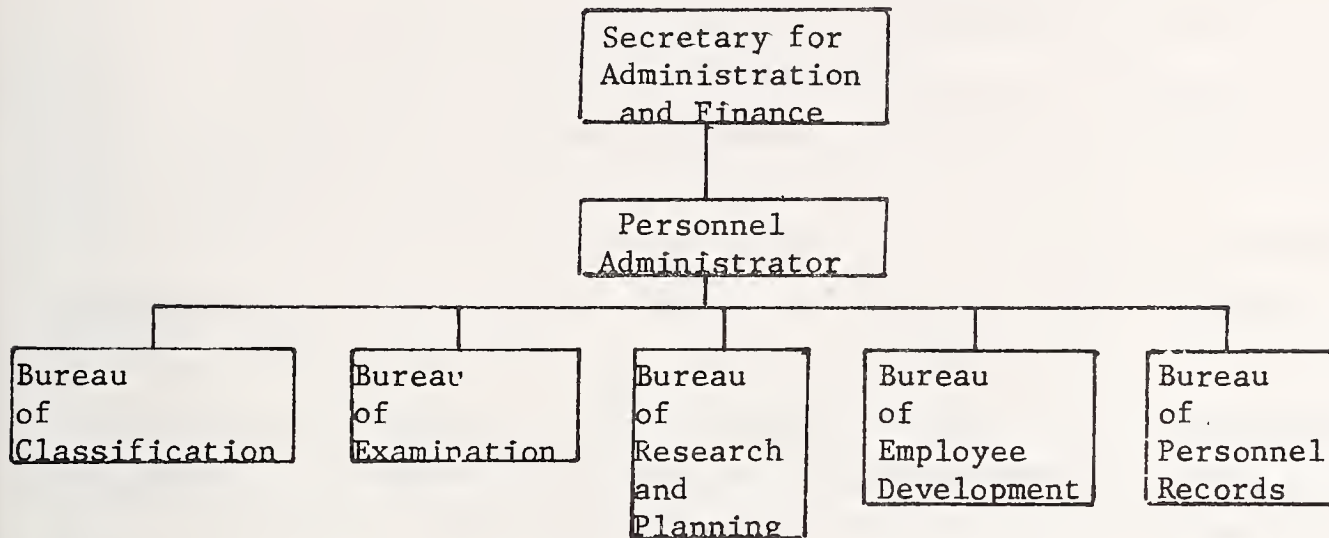
two previous separate personnel agencies: the Bureau of Personnel and Standardization and the Division of Civil Service. The Personnel Bureau was responsible for the classification of jobs, the setting of pay scales, the approval of personnel requisitions, the maintenance of employee records, and the development of employees (through in-service training or educational leave). The Division of Civil Service was responsible for the preparation and administration of examination, for their marking, for the consideration of appeals from examination grades, and for the establishment of lists of applicants who had passed the examinations.

This division of responsibility was originally intended to allow the Governor to exercise certain management responsibility through the Bureau of Personnel & Standardization, while keeping the administration of the Civil Service free from political interference. The head of the Personnel Bureau was appointed by and responsible to the Governor, through his Secretary for Administration and Finance. Together these officials could control the staffing of agencies (in conjunction with the Legislature), and thereby set policy priorities and control spending levels. The Director of the Division of Civil Service was independent of the direct control of anyone. Appointed by the Civil Service Commission (itself an independent body reporting to the Legislature) for a five year term, s/he could not be removed from office except by four-fifths vote of the Commission, following a public hearing establishing proper cause.

In practice, divided administration worked poorly. Both agencies spent their resources to maintain essentially similar sets of records on state employees. Most personnel actions required the approval of both agencies, which meant that state agencies had to comply with two different sets of rules, and then wait for paperwork to be passed back and forth between the two agencies until all necessary approvals were obtained. The merger of the two agencies became a major goal of reformers as long ago as 1948, and was advocated in studies and reports throughout the next twenty-five years, culminating in Chapter 835 of the Acts of 1974.

The law specifies the following organization for the new Division:

CHART 1: DIVISION OF PERSONNEL ADMINISTRATION



Since this organizational structure is so new, little information is available concerning its operations or effectiveness. Nevertheless, one can note the potentially key role of the new Personnel Administrator, who now appears to have more power over the personnel system than anyone else ever had. The Administrator has inherited all the discretionary powers of the old Director of Civil Service with respect to interpreting the Civil Service law and rules and setting policy for the Civil Service system. That policy-making power is now combined with the power to oversee the implementation of personnel policies in every aspect of the personnel system. The future of the new Division rests on the way the new Administrator exercises these powers--on the policy directions s/he chooses to pursue, and on his or her effectiveness in implementing his or her policies.

However, the powers of the Personnel Administrator are to some extent limited by the existence of the Civil Service Commission, which is within the Executive Office for Administration and Finance, but is

independent of direction of anyone. It is composed of five members, each appointed by the governor to a five year term. The members receive \$14,623 per year (the chairman receives \$15,766) for part-time duties. One of the commissioners must be a representative of labor, and the party affiliations of members must be nearly equal.

The Commission is responsible for overseeing the Civil Service system, for interpreting the Civil Service law, and for writing Civil Service regulations. It can initiate investigations into any aspect of Civil Service. The personnel administrator is required by law to comply with all Commission decisions. The Commission also acts as an appellate board; any aggrieved person can appeal a decision or action of the personnel administrator to it. The Commission's decision can then be appealed to the Courts. However, in recent years, the Commission has attempted to lighten its appellate load by reducing the number of grounds for appeals, in order to allow the Commission to spend more time on broad oversight and policy making.

It is important to note that the Civil Service responsibilities of the Commission (and the Division of Personnel Administration) cover the Civil Service systems of all municipalities in the states as well as the state system. That additional workload is substantial--in some cases it is much larger than the workload for state employee matters. For example, the principal problem recently of the Examination Bureau has been the preparation and grading of the firefighters' examination taken by several thousand applicants.

Besides preparing registers of eligibles for cities and towns, the Division is required by many statutes to enforce particular parts of the law and regulations relating to Civil Service in the cities and towns. In practice, some of these responsibilities are not met--the requirement to make sure cities evaluate policemen during their probationary period is but one example.

FUNCTIONS OF THE PERSONNEL SYSTEM

The operations of the Division of Personnel Administration can be viewed in terms of the major functions performed by any personnel system: classification, recruitment, selection, training, evaluation, promotion and dismissal. Since (as noted previously) the Division is of such recent origin, many of these functions can only be sketched out briefly here, and actual operations (as opposed to paper responsibilities) cannot be definitely characterized.

Classification

Classification, which occurs whenever a position is created, entails defining a set of position duties and qualifications as belonging to a certain job class, and then assigning that job class to a particular pay grade. Classification decisions are made by the Bureau of Classification within the Division of Personnel Administration. Almost all positions in state government are classified by the Bureau, regardless of whether the position is in the Civil Service. The exceptions are those positions in autonomous personnel systems (listed on pages 16-17) and those positions where duties and pay level are set by statute (e.g., the Personnel Administrator and Bureau heads within the Division of Personnel Administration).

The system of classified positions has 33 pay grades. Each pay grade has seven different pay levels--called steps. Exhibit 2 gives current pay levels, while Exhibit 3 shows how many employees are in each pay grade. Employees ordinarily begin a position at step 1, and then receive annual step increases in pay until they reach the maximum, step 7. In order to recruit a particular individual, agencies may request permission from the Personnel Administrator to start that person at a higher step than step 1, providing that the individual has not worked for Massachusetts within the past twelve months. This permission is difficult to obtain.

Massachusetts General Salary Schedule (excerpts)*

Job Group	Starting Salary (step 1)	Maximum Salary (step 7)
1	5572	6648
2	5733	6809
3	5918	7134
4	6154	7371
5	6339	7665
6	6659	7985
7	6937	8388
8	7199	8775
9	7618	9303
10	8042	9836
11	8460	10410
12	8967	11011
13	9623	11775
14	10228	12756
15	10889	13650
16	11570	14659
17	12373	15603
18	13049	16544
19	13814	17573
20	14648	18533
21	15410	19591
22	16263	20725
23	17183	21770
24	18039	22875
25	18894	24011
26	19656	25022
27	20576	26114
28	21434	27238
29	22373	28441
30	23405	29739
31	24349	30963
32	25384	32263
33	26416	33561

* Current as of March 24, 1976. Became effective December 30, 1973.
Amounts have been rounded to whole dollars.
Salary increments between steps are constant for each pay grade.

Employees of the Commonwealth of Massachusetts*

Job Group	Permanent (01) Employees	Temporary (02) Employees
1	73	4
2	--	--
3	3721	1042
4	1677	605
5	1523	238
6	8683	2016
7	3904	632
8	2161	542
9	4103	564
10	2062	363
11	1680	294
12	2836	464
13	3191	722
14	3151	491
15	1692	370
16	1474	293
17	1225	320
18	607	145
19	830	254
20	231	107
21	441	98
22	165	84
23	64	36
24	214	52
25	69	20
26	156	15
27	26	16
28	65	18
29	198	29
30	46	12
31	8	--
32	217	17
33	26	--
	<hr/> 46519	<hr/> 9863

* As of September 20, 1974. Numbers shown are employees as of that date. A somewhat larger number of positions have been authorized by the legislature, but are not filled due to budgetary constraints.

In making classification decisions, supervisors usually try to insure salary levels high enough to attract qualified applicants but not in conflict with the need to maintain a balanced salary structure for an entire office. A position continues to be classified in the same job title and pay grade unless someone (the employee in the position or his or her supervisor) appeals the classification decision.

In Massachusetts, the job title assigned to a Civil Service position is particularly important, since Massachusetts gives separate Civil Service examinations for each different job title. If a position is assigned an incorrect job title, then the examination will select inappropriate candidates for the job. For example, at one point various positions in the Department of Public Health were classified as "Planner." However, when the Civil Service examination for "Planners" was designed, the word referred to someone with urban planning or land-use planning training, and thus the examination tests technical knowledge of those fields. Obviously, someone with training and experience in public health planning will not excel on the Planner exam.

New agencies or rapidly evolving fields frequently find the catalog of existing job titles inadequate for their needs. A supervisor must then design a new job title, and get the title approved by the classification specialists in the Division of Personnel Administration. If the Legislature is in session, the new title must then be approved by the House and Senate Ways and Means Committee. The classification specialists tend to resist the proliferation of job titles, since it makes the classification system more complex and more difficult to administer. Faced with a recalcitrant Classification Bureau, the agency manager may take the easy way out and use an ill-suited but already existing job title. Although in the short run, the manager can hire the person he wants on a provisional basis, eventually s/he will wind up with an employee selected through the examination system with the wrong qualifications for the position.

Thus, agencies are inevitably dissatisfied with classification

decisions. The Classification Bureau tries to control personnel costs by avoiding "grade inflation" (the tendency for the average grade level to creep upward) and at the same time maintain enough grades to allow workable supervisory relationships within agencies. But the natural conflict between the Classification Bureau and the rest of state government is aggravated in Massachusetts by the highly specific, technical nature of most Civil Service examinations, which means that small differences in job titles make large differences in examination results.

Recruiting

In the past, the Bureau of Personnel and Standardization did not take an active role in recruiting. Pressure to increase the number of women and minorities to responsible positions in state government led the administration of Governor Francis Sargent to create an Affirmative Action section within the Bureau, charged with keeping track of non-Civil Service vacancies and recruiting minorities and women for those positions. In addition, many non-Civil Service positions have for many years been set aside for political patronage, with some of these jobs allotted to the General Court, and others reserved for the patronage office in the Office of the Governor. When Governor Michael Dukakis assumed office in January 1975, he abolished the patronage office and insisted that all positions controlled by the Governor be filled by the Bureau of Personnel. The Affirmative Action Section became a recruiting and screening office seeking qualified persons for all these positions without regard to race or sex. This way of filling non-Civil Service positions is still a somewhat temporary operation, however, and it remains to be seen how active a recruiting role will be assumed on a permanent basis by the new Division of Personnel Administration.

An experiment begun in early 1976 is attempting to expand the role of the Division in recruiting for non-Civil Service appointments. A new Recruiting and Referral Office within the DPA will have the primary

responsibility for recruiting qualified individuals, and for doing a preliminary screening of the applicants for a particular position. On request from an appointing authority, this office will send him or her a group of three names from which to make an appointment. If the appointing authority rejects all three names, he or she will receive another group of three names. The procedure provides that if the Recruiting and Referral Office cannot find a satisfactory applicant, the appointing authority may help in the recruiting process. This procedure applies to all appointments to Civil Service exempt positions (including appointments subject to gubernatorial approval), and to all provisional appointments to Civil Service positions. It does not apply to internal promotions, lateral transfers, seasonal hires, emergency (30 day) appointees, or appointments from Civil Service registers. In Phase I (lasting until July 1, 1976), the procedure applies only to a handful of agencies (the Rate Setting Commission, the Executive Office for Human Services, the Metropolitan District Commission, and a few others). The results of Phase I will be evaluated, and further implementation of this procedure will depend on that evaluation.

There are several possible outcomes to this experiment. At one extreme, it is possible that the Recruiting and Referral Office will locate qualified people, will upgrade the quality of appointees to these positions, and will reduce the amount of political influence on appointing authorities. At the other extreme, it is possible that this procedure may so concentrate the influence over appointments in the hands of a few individuals that those individuals may be subject to severe political pressures, and the entire system may become increasingly geared to patronage. Between these perhaps unlikely extremes are the more likely outcomes--that the Recruiting and Referral Office will find some job candidates that the appointing authorities would not have found, but often will not be able to do as well as the individual agency can do. In the majority of the cases, the Recruiting and Referral Office is likely to have only the effect of introducing further delay into the appointment

process.

There has been little recruiting in the past for Civil Service positions. Notices of upcoming examinations were posted at Civil Service headquarters in Boston and in town halls, but were not advertised in the newspapers, nor ordinarily circulated to educational institutions. The only individuals likely to hear about an upcoming examination were those who had the time to check the bulletin board in the Boston offices and who had learned enough about Civil Service already to understand the examination system. The groups who keep well informed on job openings are the employee unions and veterans' organizations. Members of these groups (and their relatives) are apt to get particular advantage by their quick applications for provisional appointments, where appointing authorities ordinarily want to fill the positions as quickly as possible. This situation appears likely to continue.

The burden of recruiting has fallen upon the individual agencies, some of whom fill vacancies by hiring the friends of their current employees, while others advertise in the newspapers. Their success in recruiting varies as widely as their methods: some agencies find qualified applicants, but others do not. Problems appear especially acute for low-paying, high-turnover positions, such as entering clerical positions. With the current high unemployment, qualified people for middle and upper level positions have been plentiful, but should the job market improve, then recruiting for these positions may also become difficult.

Selection

When Governor Dukakis abolished his patronage office, he turned over the selection of gubernatorial appointees to a non-partisan group of volunteer personnel experts from major businesses in the Boston area. Under the auspices of the Bureau of Personnel and Standardization, this group screened resumes and interviewed applicants for the major positions. They then graded each applicant and sent the resumes of the highest

scoring applicants to the Governor for final decisions. Some of the Cabinet Secretaries were picked in this way, as were many of the administrators immediately subordinate to them (Insurance Commissioner, for example).

There are some appointments which are exempt from Civil Service procedures, but which are not subject to approval of the Governor. Appointing authorities have been able to select these appointees in any way they wished, but that freedom is now being modified for some agencies, as noted in the description of the Recruiting and Referral Office on pages 29-30.

Selection procedures for Civil Service positions are, in contrast, considerably more complicated. Each of the two types of Civil Service appointments--regular and provisional--have their own separate procedures.

Regular appointment. The appointment of an applicant to a Civil Service position is a process of considerable intricacy. In broad terms, there are four major steps in the Civil Service selection procedure--examination, establishing a register of eligibles, certification of names from that register, and a hiring decision by an agency.

Applicants establish their eligibility for a Civil Service appointment by taking and passing an examination. The examinations are mostly objective, testing the applicant's knowledge of specific facts thought to be related to the job. Each examination tests for one job, or less commonly, for a group of closely related jobs. Examination preparation and grading is the responsibility of the Examination Bureau in the Division of Personnel Administration. The Bureau customarily hires outside consultants to prepare the complex examinations required for higher level technical and administrative positions.

An applicant's grade has two parts: the score on the examination itself, and a score for "training and experience". The latter scores are based on tables prepared by the Examination Bureau for each position.

The scores in these tables can influence what sort of person gets the job: it used to be the case that five years of experience as a bank guard were worth more points as training and experience for the post of corrections officer than was a Master's degree in Corrections.

Some of the harshest criticisms of the Massachusetts Civil Service system are leveled at its examination procedures. One common view is that the examinations are of low quality, particularly those for higher level positions. At best, the examinations may produce a random result if they are poorly written. However, some critics feel that the examinations actually produce perverse results, because they allow someone with a narrow technical command of facts to outscore someone whose administrative and personal skills are not easily tested by examinations. Critics have also charged that the examination process is corrupt. An investigation into these charges was begun in 1974 by Governor Sargent, and is being continued by the office of Governor Dukakis.

After examinations have been graded, the Examination Bureau establishes a register of eligible applicants. Since people are hired according to their position on the register, the ranking of names on the register is critical. The register consists of four distinct groups, arranged as follows: (1) disabled veterans, (2) all other veterans, (3) widows or widowed mothers of veterans who died in wartime, and (4) all other applicants. With each group, applicants are ranked in the order of their examination scores. As is apparent from the foregoing, veterans have an extraordinary advantage over non-veterans in competing for Civil Service positions: a minimum passing score insures a veteran a place on the register ahead of a non-veteran with a perfect score.*

* The veteran's preference provisions detailed above were invalidated on March 29, 1976, by a three judge panel of the U.S. District Court in Boston. The judges found that the Massachusetts law discriminated against women; they suggested that a moderate advantage for veterans, such as a system of bonus points, might be acceptable. At this writing, the Commonwealth has not decided whether to take an appeal to higher federal courts.

After arranging the names of the eligibles as described, the Examination Bureau then publishes the register. Whenever an agency has a vacancy, it requests the Examination Bureau to certify the top three names from the register (called the "Rule of Three"). It may then select from among these three without regard to examination score or veterans' status. (This hiring decision is the only point in the Civil Service selection procedure in which some discretion is allowed the hiring agency.)

Provisional appointment. When no register exists for a position, an appointing authority may hire someone in a provisional status, pending the establishment of a list. Restrictions on provisional appointments are few, although an appointing authority must make certain attempts to find veterans and can only appoint a non-veteran after certifying to the personnel administrator that he could not find a qualified veteran. The provisional appointee is supposed to meet any requirements for a regular appointee, such as an educational requirement. The appointing authority must also have set the paperwork in motion for an examination before a provisional appointment will be authorized. A provisional appointee must begin at step 1 of the position's pay grade, unless the Personnel Administrator approves a "recruitment rate" which allows the agency to start an employee at a step higher than step 1. Approval authority for provisional appointments has been delegated from the Personnel Administrator to each of the Cabinet Secretaries. The DPA relies on post-audits to enforce their procedural requirements.

The "Critical Need" Requirement. In 1975, the Legislature added an additional step to the hiring process for both Civil Service and non-Civil Service positions. Sections 8A and 25C of Chapter 684, Acts of 1975, together provide that the filling of any vacancy (with a few exceptions) requires the prior certification by the Secretary for Administration and Finance that a critical need exists. (As originally passed, the law required the subsequent approval of the House and Senate Committees on Ways

and Means, but that provision was struck down by the Supreme Judicial Court on January 14, 1976.)

This "Critical Need" procedure is not strictly a part of the personnel system. It is a means of budgetary control instituted because the state was going through a fiscal crisis. But it has an important impact on nearly all state hiring, and it is likely to remain a feature of the hiring process for some time to come.

Training

The Division of Personnel Administration is responsible for a certain amount of in-service training, but the extent of their responsibility is difficult to determine exactly. The "Blue Book" given to all new employees lists the following courses as having been recently given: Executive Development, Basic Supervisory Management, Human Relations and Communications, Effective Management, Personnel Interviewing and Counseling, and Office Management for Clerical Supervisors, among others. More specialized training is occasionally provided by individual departments and agencies.

Evaluation

Massachusetts does not have any comprehensive system of employee evaluation. Although some attempts have been made to develop evaluation systems for individual state agencies, no state system exists comparable to the regular evaluation system for Federal Civil Service employees. There are times when employees are evaluated in theory. Civil Service employees serve a six-month probationary period (longer for some positions), during which time they should be evaluated and dismissed if not competent. In the first seven years of an employee's service, an agency can withhold a step increase in pay because of unsatisfactory performance. In

practice, most employees are not scrutinized at these times. The laws are written so that inaction by appointing authorities results in automatic tenure or step increases for the employees. Although the opportunity to evaluate the employee exists, there is no pressure on the appointing authority to do so.

Except for denial of step increases, an appointing authority has no incentives to give force to whatever evaluations are made. Unlike the Federal Civil Service, there are no quality pay increases or bonuses for outstanding work. After an employee has spent seven years in a pay grade, he or she has reached the maximum step, and so the only incentive that can be used is the threat of dismissal.

Promotion

In 1961, a League of Women Voters survey of state agencies showed that "for positions covered by Civil Service, seniority is the ruling factor in promotions and that opportunities for advancement are confined within the unit of government in which the employee works." That summary is still reasonably accurate in 1975. The practice of using seniority as the dominant factor in promotions appears to be the legacy of the many years of a system during which the Division of Civil Service dictated promotional policy to appointing authorities. In fact, the law allows appointing authorities to choose one of several different methods of promotions, subject to the approval of the Personnel Administrator. In the most conservative method, an employee who is one of the three most senior employees in his present grade in the department can be promoted by the appointing authority. Alternatively, an authority can request an examination, and can specify that it be oral or written, for departmental employees only, for all employees within the executive office containing the department, for all employees of state government, or for anyone (a normal open competitive examination). While the examination is being

prepared, the appointing authority can make a provisional promotion. In the past, agencies have tended to select the most conservative practical method of promotion, in consequence of which employees tend to spend their entire career within one office. This practice makes agencies inbred, and stifles opportunities for lower ranking employees of merit. Note that administrators find it difficult to open up promotional examinations: employee unions can pressure them into seniority-based promotions, or administrators may simply be unwilling to lower office morale by lessening promotional opportunities for a large number of low ranking employees.

Dismissal

Dismissal of state employees, although difficult, is not impossible. Provisional employees can be dismissed at any time; temporary employees (02) can be dismissed by the abolition of their positions; and permanent non-Civil Service employees can be dismissed at will, unless their positions have been protected by the tenure provisions of the Civil Service law, or by special legislative provision (often called a "freeze in"). Permanent Civil Service employees can be dismissed during their probationary period; after that they can be dismissed for cause, but the lengthy hearing and appeal processes involved discourage this action.

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